



Strategic update: Focus on increasing confidence in copper-cobalt MREs



Strategic Update

Castillo Copper's Managing Director Dr Dennis Jensen commented: "Recent gyrations in global commodity markets have further galvanised the Board's resolve to create value for shareholders via developing the core copper-cobalt projects. Moreover, having signed an option agreement with Hyperion Copper to sell the Zambia assets, the Board's focus is now steadfast on advancing the Australian projects which all have Mineral Resource Estimates."

INCREASING CONFIDENCE IN COPPER-COBALT MREs

As CCZ's three Australian assets all have inferred Mineral Resources Estimates (**MRE**) for copper or cobalt (refer Figure 1), the Board's strategic intent moving forward is to advance these projects – with development partners if merited – and create value for shareholders.

FIGURE 1: COPPER-COBALT MREs – HIGH LEVEL SUMMARY

Asset	Inferred (Mt)	Indicated (Mt)	Copper Grade (%)	Cobalt Grade (ppm)	Contained Copper (t)	Contained Cobalt (t)
East Zone, BHA Project	64.4	-	0.07	318	44,260	21,556
Big One Deposit, NWQ Copper Project	2.1	0.007	1.10	-	21,886	-
Cangai Copper Mine	3.2	-	3.35	0.003	107,589	153
GLOBAL TOTAL					173,735	21,709

Note: refer Figures 2, 3 & 6. Source: CCZ geology team

DRILLING TARGETS AT BHA PROJECT'S EAST ZONE

Having produced an inferred cobalt MRE¹ (refer Figure 2), comprising two prospects in the BHA Project's East Zone, the Board has decided to focus on enhancing the confidence and grade. The upcoming drilling campaign, which includes one diamond core and 17 RC drill-holes for 2,100m, will test targets at four prospects including The Sisters, Fence Gossan, Reefs & Tors Tank² (refer Appendix A).

FIGURE 2: JORC RESOURCE TONNAGES – BHA EAST ZONE PROSPECTS

Deposit	Prospect Area Mask	Model Surface Area	Cut-off	Inferred	Co	Cu	Contained Cobalt	Contained Copper
	Ha	Ha	Co ppm	Mt	ppm	%	t	t
Fence Gossan	2,335	218	125	22.1	315	0.08	6,962	17,680
Reefs Tank	5,363	2362	180	42.3	345	0.06	14,594	26,580
				64.4	318	0.07	21,556	44,260

Notes: (1) Contained content reported is insitu at 100%, no mining assumptions or dilution yet applied
Source: CCZ geology team

A key objective of the campaign, especially for Fence Gossan, Reefs & Tors Tank Prospects, is to test two lower cobalt-rich zones the geology team interpret to host higher grading mineralisation than has been modelled to date².

With logistics already advanced and a drilling contractor to be appointed shortly, the Board is targeting to secure regulatory / environmental approvals from NSW Resources Regulator within the coming weeks so the campaign can commence in 4Q 2022.

While the primary target is cobalt-copper, the Board hopes to gain further insights on the potential for rare earth elements and gold mineralisation once the assay results are returned. Notwithstanding, the Board believes potentially improving the confidence and grade of the current MRE, coupled with the recent excellent metallurgical results, will aid securing support from prospective off-take partners.

As a result of focusing on the East Zone, previously announced plans to commence exploration work on the West Zone³ (Appendix A) have been postponed until 2023.

NWQ Copper Project

Big One Deposit

The recent metallurgical results (10x upgrade: 0.72% head-grade to 7.2% post-test-work)⁴ highlighted a potentially viable copper concentrate could be produced from ore sourced from the Big One Deposit. Further metallurgical test-work is currently being undertaken on diamond core samples to determine if this can be further optimised.

The Board believes the next round of metallurgical test-work results will further aid discussions with prospective processing partners in the Mt Isa region that are keen to lock in forward copper concentrate supplies to keep mills operating at optimal levels.

As a result, the Board remains committed to improving the confidence in the current MRE⁵ (refer Figure 3) and extending known mineralisation.

FIGURE 3: RESOURCE TONNAGES – BIG ONE DEPOSIT

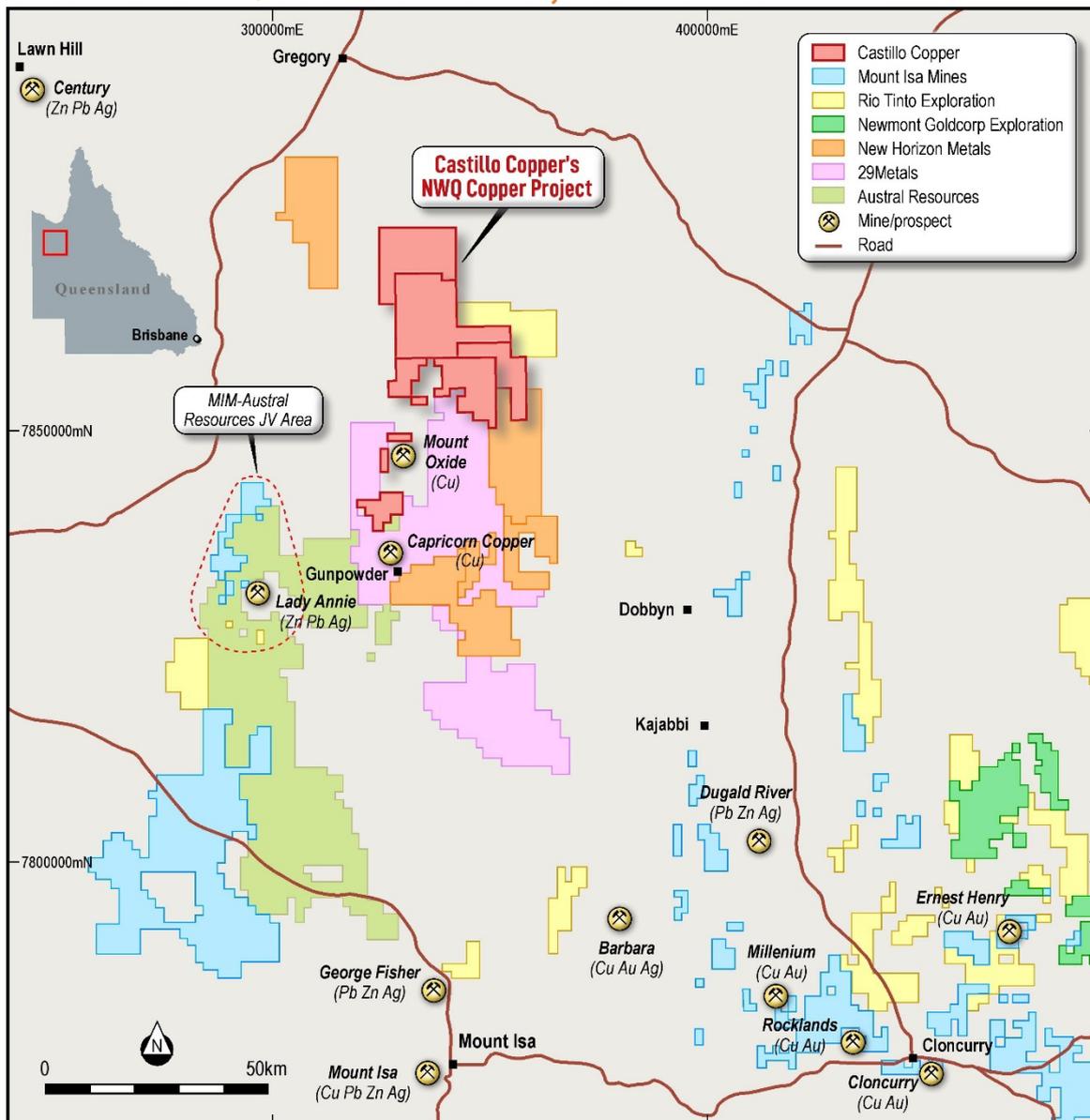
Tenure Name	Ore Type	Inferred (Mt)	Indicated (Mt)	Measured (Mt)	Copper Grade (%)	Silver Grade (g/t)	Contained Copper (t)	Contained Silver (kg)
Mine Dumps	Oxidised	0	0.007	-	1.2	4.0	86	29
Mine Insitu	Oxidised	1.7	0	-	1.0	1.1	17,000	1,870
Mine Insitu	Fresh	0.4	0	0	1.2	1.4	4,800	560
Sub-Totals		2.1	0.007	0			21,886	2,459

Note: Cut-off grade 0.45% Cu.

Source: CCZ geology team

Interest in the Mt Isa copper-belt remains strong among the majors (refer Figure 4), evidenced by the recent complementary earn-in agreements between Glencore Group's Mt Isa Mines and Austral Resources⁶. More broadly, however, BHP's current proposal to acquire Oz Minerals⁷, highlights further potential consolidation for the global copper supply chain as larger players seek to scale their operations.

FIGURE 4: NWQ COPPER PROJECT, MT ISA COPPERBELT

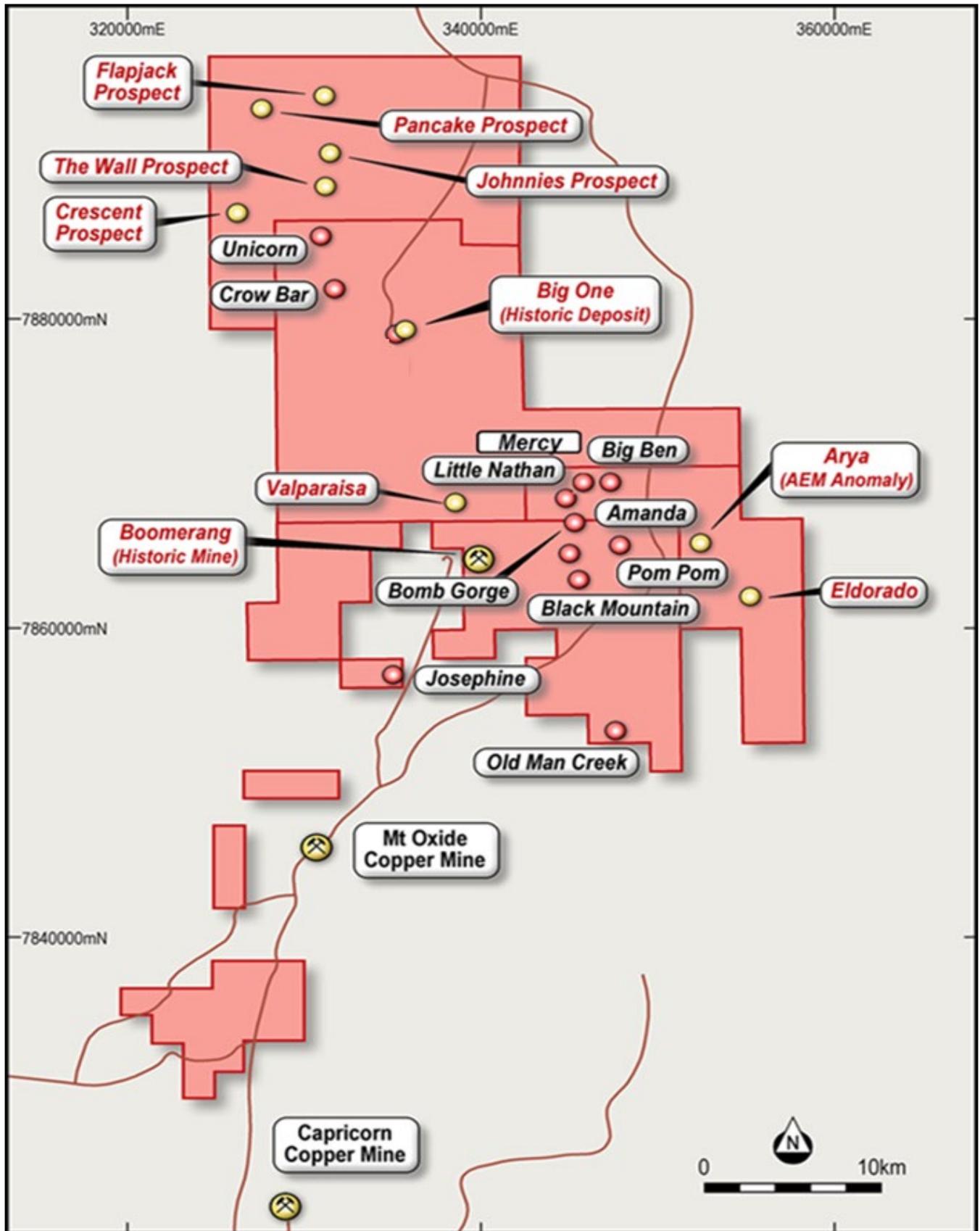


Source: CCZ geology team

Satellite deposits

Within the NWQ Copper Prospect, aside from the Big One Deposit and the Arya Prospect, are circa 20 incremental copper prospects which all have potential to host copper mineralisation based on analysing historical geological reports⁹ (refer Figure 5). The Board has now formulated plans to systematically visit these prospects (including Arya), once development work at the Big One Deposit has concluded, to determine if they have viable targets for drill-testing. Ideally, the Board is targeting to discover several satellite copper deposits across the tenure which could ultimately feed into a central processing mill.

FIGURE 5: PROSPECTS ACROSS NWQ COPPER PROJECT



Source: CCZ geology team

Cangai Copper Mine

A key positive for revamping exploration efforts at Cangai Copper Mine is it features on the NSW government's critical minerals list¹⁰ (as does the BHA Project). Moreover, it has a global MRE at 107,589t contained copper metal (refer Figure 6)¹¹ and is one of Australia's highest grading historic copper mines.

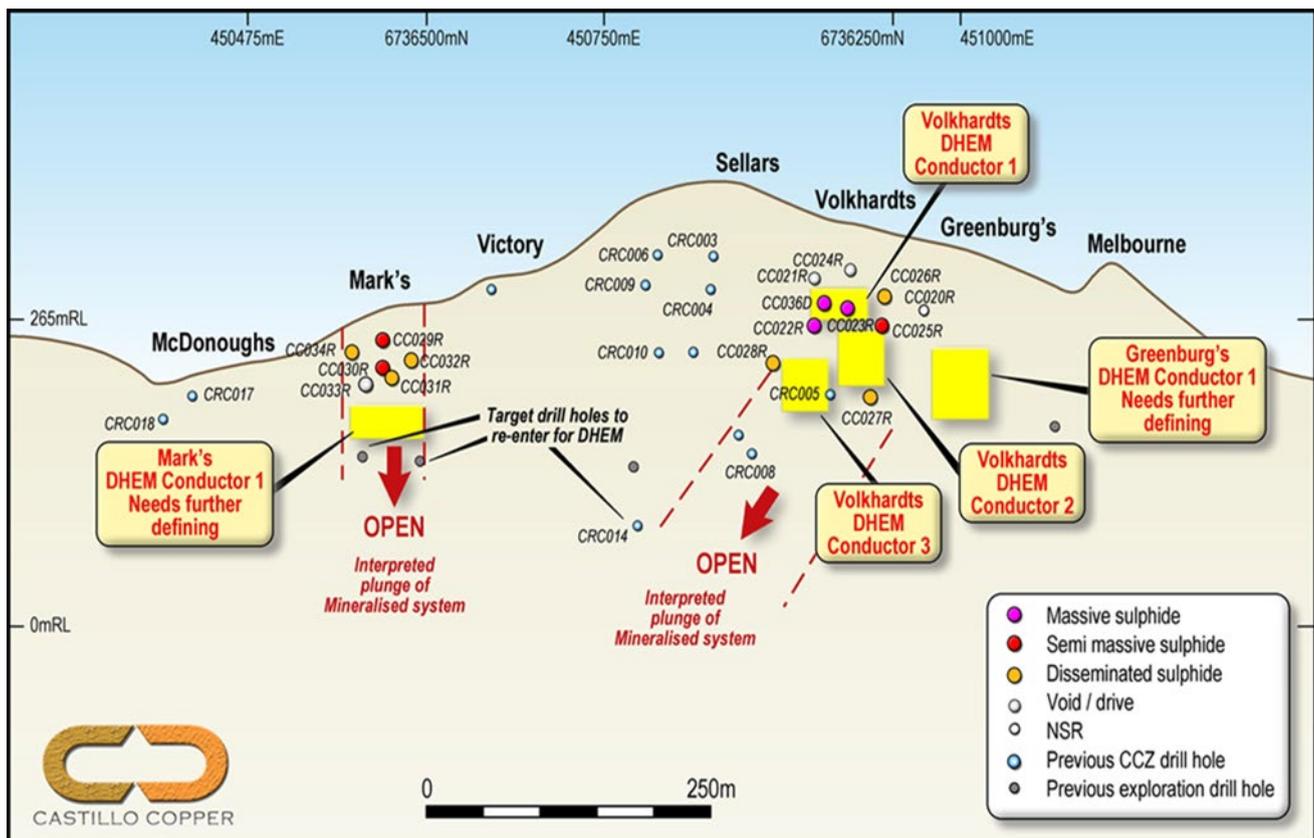
FIGURE 6: RESOURCE TONNAGES – CANGAI COPPER MINE

	Mass (t)	Cu (%)	Co (%)	Zn (%)	Au (g/t)	Ag (g/t)	Cu (t)	Co (t)	Zn (t)	Au (Oz)	Ag (Oz)
Oxide	814,267	4.1	0.010	0.63	0.06	27.34	33,391	78	5,165	14,550	715,667
Fresh	2,397,342	3.1	0.003	0.28	0.89	17.74	74,198	75	6,762	68,349	1,367,456
Total	3,211,609	3.35	0.005	0.37	0.8	20.17	107,589	153	11,927	82,899	2,083,123

Note: Totals may not sum exactly due to rounding. Cut-off grade used: 1.0% Cu with top-cut applied: 10.0% Cu

The geology team have reviewed work carried out since 2017 and reaffirmed there are several priority massive sulphide targets¹¹ that could potentially extend known copper mineralisation (refer Figure 7). More immediate, however, the geology team plan to update the global MRE and factor in several known stockpiles.

FIGURE 7: CANGAI COPPER MINE – UNTESTED BEDROCK CONDUCTORS



Source: CCZ geology team

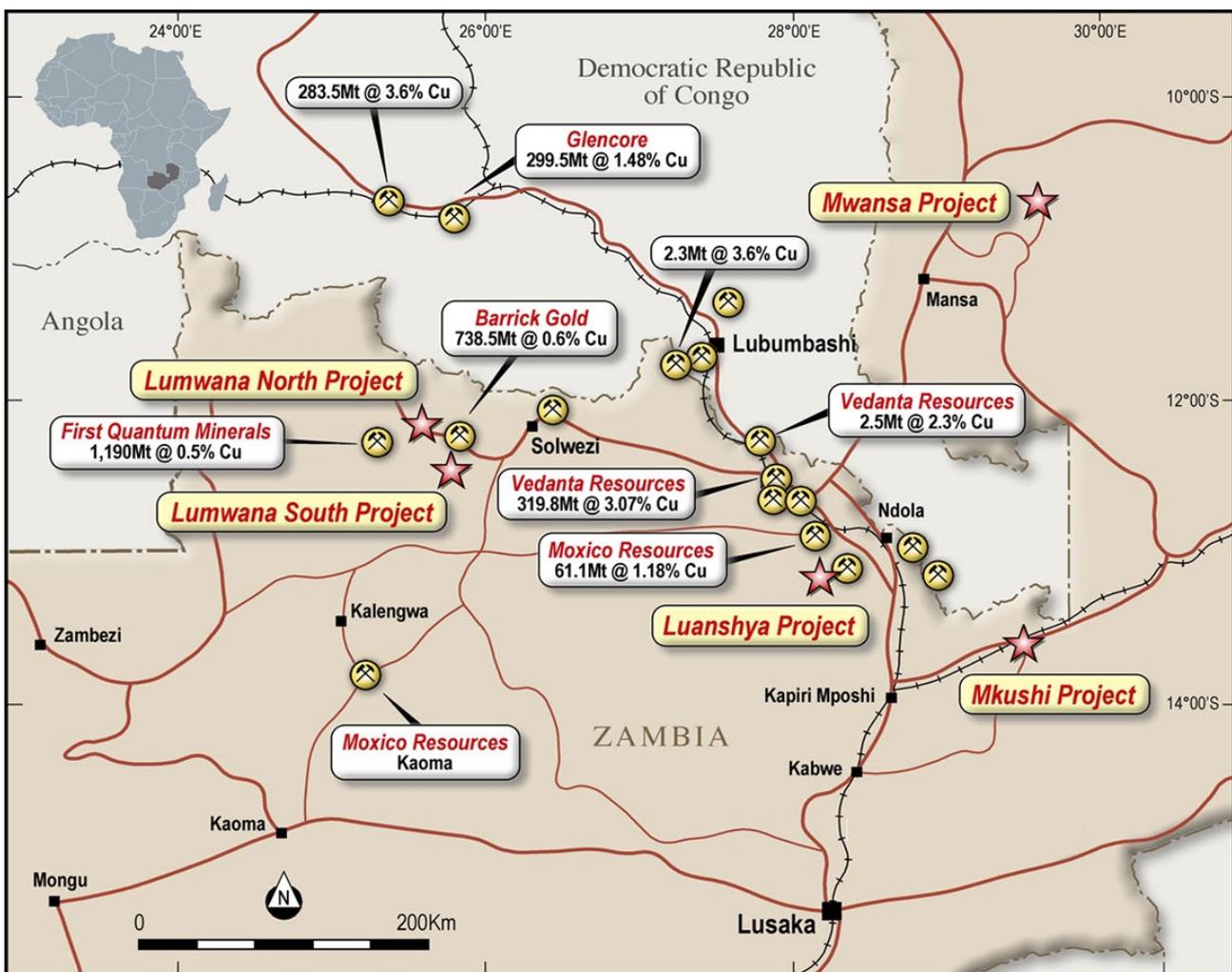
Zambia Copper Projects

The Board is delighted to have entered into an option agreement – receiving a US\$100,000 option fee – with Hyperion Copper (UK) to sell the Zambia copper assets for circa A\$4m plus milestones. If the option is exercised and Hyperion Copper lists on the Alternative Investment Market (AIM), part of the London Stock Exchange, later in the calendar year then CCZ will retain >25% stake, with the right to appoint one director to the Board¹².

More significantly, this transaction ensures the Zambia copper assets exploration potential will be fully developed, whilst any benefits will accrue to CCZ via retaining its shareholding in Hyperion Copper.

CCZ’s geology team have been assisting Hyperion Copper progress due diligence and making introductions to key stakeholders in Zambia. Further, in a proactive move, Hyperion Copper’s team will visit both the Luanshya and Mkushi Projects (refer Figure 8) in September 2022 to finalise targets for drill-testing, leveraging geochemical and geophysical campaigns undertaken by CCZ over 2020-21.

FIGURE 8: ZAMBIA PROJECTS



Source: CCZ geology team

The Board of Castillo Copper Limited authorised the release of this announcement to the ASX.

Dr Dennis Jensen
Managing Director

Competent Person Statement

The information in this report that relates to Exploration Results for “BHA Project, East Zone” is based on information compiled or reviewed by Mr Mark Biggs. Mr Biggs is a director of ROM Resources, a company which is a shareholder of Castillo Copper Limited. ROM Resources provides ad hoc geological consultancy services to Castillo Copper Limited. Mr Biggs is a member of the Australian Institute of Mining and Metallurgy (member #107188) and has sufficient experience of relevance to the styles of mineralisation and types of deposits under consideration, and to the activities undertaken, to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, and Mineral Resources. Mr Biggs holds an AusIMM Online Course Certificate in 2012 JORC Code Reporting. Mr Biggs also consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

The Australian Securities Exchange has not reviewed and does not accept responsibility for the accuracy or adequacy of this release.

References

- 1) CCZ ASX Release – 1 June 2022
- 2) CCZ ASX Release – 9 August 2022
- 3) CCZ ASX Release – 7 June 2022
- 4) CCZ ASX Release – 19 July 2022
- 5) CCZ ASX Release – 28 February 2022
- 6) AR1 ASX Release – 8 June 2022
- 7) BHP ASX Release – 8 August 2022
- 8) CCZ ASX Release – 17 November 2022
- 9) CCZ ASX Release – 29 September 2021 (Annual Report 2021)
- 10) CCZ ASX Release – 28 January 2022 AND NSW government – Critical Minerals. Available at: <https://www.regional.nsw.gov.au/meg/nsw-resources/criticalminerals>
- 11) CCZ ASX Release – 28 September 2018 (Annual Report 2018), 3 September 2018, 19 February 2020 & 28 April 2020
- 12) COB ASX Release – 22 June 2022

About Castillo Copper

Castillo Copper Limited is an Australian-based explorer primarily focused on copper across Australia and Zambia. The group is embarking on a strategic transformation to morph into a mid-tier copper group underpinned by its core projects:

- A large footprint in the in the Mt Isa copper-belt district, north-west Queensland, which delivers significant exploration upside through having several high-grade targets and a sizeable untested anomaly within its boundaries in a copper rich region.
- Four high-quality prospective assets across Zambia's copper-belt which is the second largest copper producer in Africa.
- A large tenure footprint proximal to Broken Hill's world-class deposit that is prospective for cobalt-zinc-silver-lead-copper-gold and platinoids.
- Cangai Copper Mine in northern New South Wales, which is one of Australia's highest grading historic copper mines.

The group is listed on the LSE and ASX under the ticker "CCZ."

Directors

Gerrard Hall

Dr Dennis Jensen

Geoff Reed

ASX/LSE Symbol

CCZ

Contact

Dr Dennis Jensen
Managing Director

TEL +61 8 9389 4407

EMAIL info@castillocopper.com

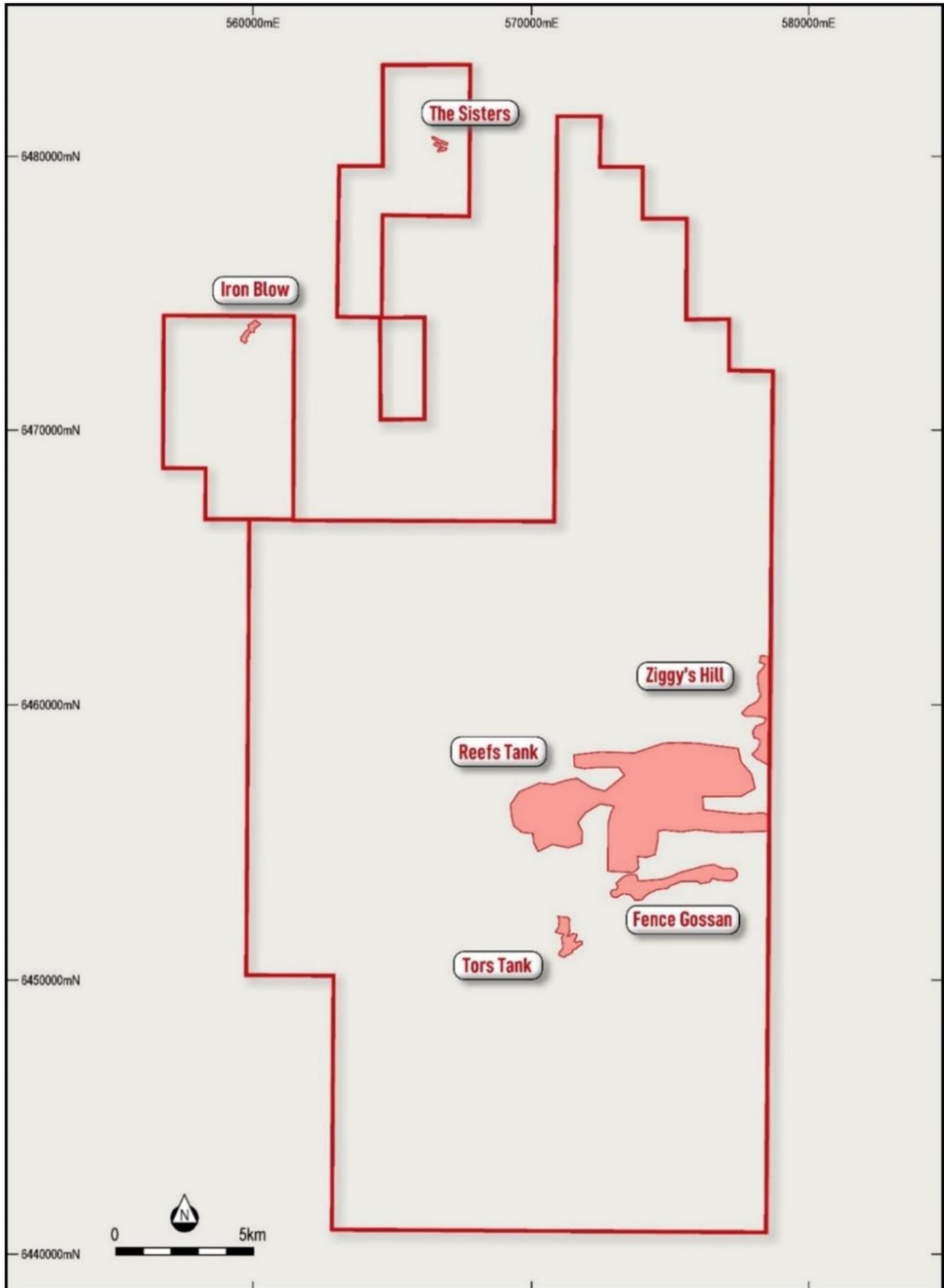
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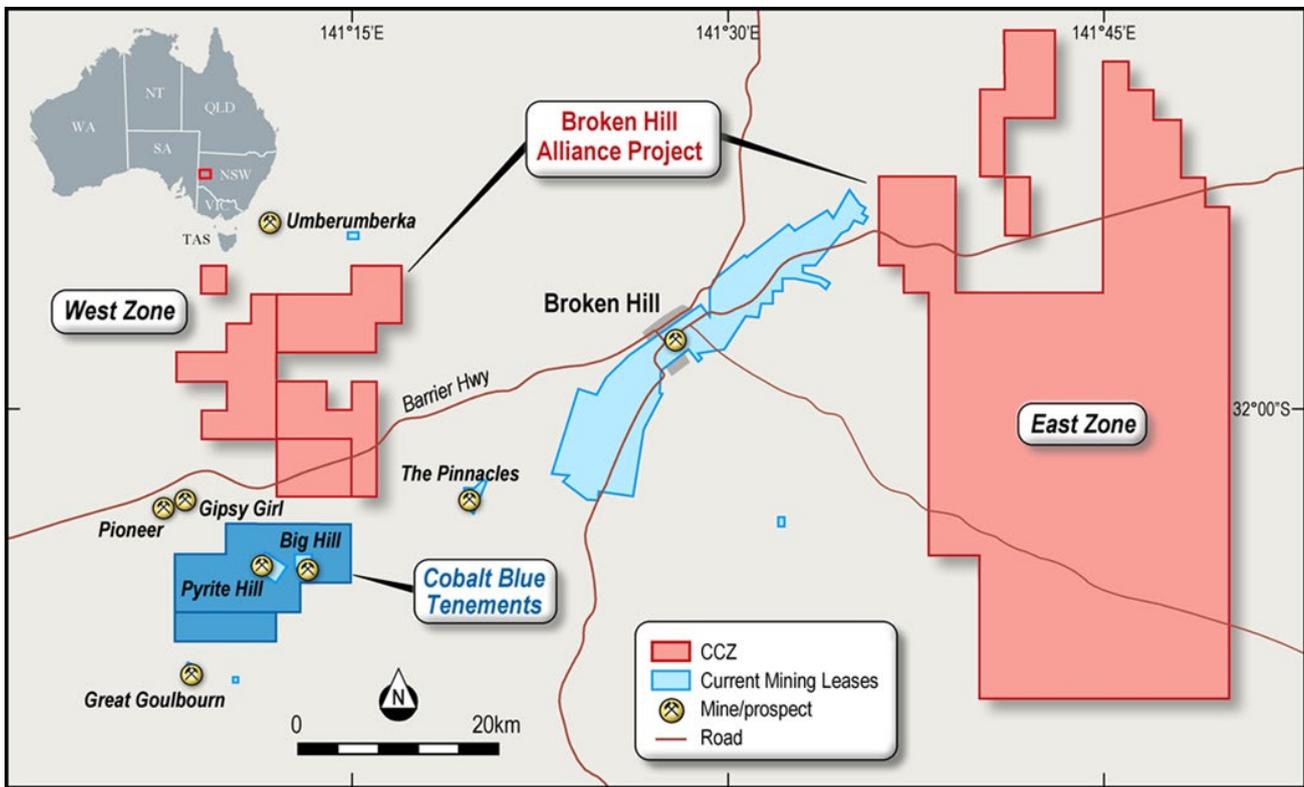
Appendix A: BHA PROJECT

FIGURE A1: PROSPECTS IN BHA PROJECT'S EAST ZONE



Source: CCZ geology team

FIGURE A2: WEST AND EAST ZONE – BHA PROJECT



Source: CCZ geology team